

Message Text

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SUBJECT: NEW MARKETING OPPORTUNITIES FOR ADVANCED MACHINE
TOOL EQUIPMENT IN KOREA

1. ADVANCE OFFICER BEIRING FOR U.S. METALWORKING TRADE MISSION WITH CONTROL OFFICER BRYANT MADE A CALL ON MR. KIM HONG KI, MANAGING DIRECTOR, KOREA SOCIETY FOR ADVANCEMENT OF MACHINE INDUSTRY (KSAMI), A PRESTIGIOUS ASSOCIATION REPRESENTING 353 MANUFACTURERS AND ENTERPRISES IN THE MACHINERY MANUFACTURING INDUSTRY. R. KIM EMPHASIZED THE NEED FOR COMMUNICATION BETWEEN US INDUSTRY/US TRADE ASSOCIATIONS AND THEIR KOREAN COUNTERPARTS. HE SAID KOREAN BUYERS HAVE BEEN FORCED TO PURCHASE U.S. (AND JAPANESE PRODUCTS) MAINLY THROUGH JAPANESE AGENTS DISTRIBUTORS BUT WOULD LIKE TO SEE THIS PATTERN CHANGE TOWARD A MORE DIRECT BUYING RELATIONSHIP WITH U.S. INDUSTRY. THE KOREAN GOVERNMENT HAS SELECTED 52 KOREAN FIRMS (PROSPECTIVE BUYERS OF MACHINE TOOLS) TO WHOM KOREAN GOVERNMENT WILL LOAN UP TO \$800 THOUSAND EACH FOR THEPURCHASE OF NEW SOPHISTICATED MACHINE TOOL EQUIPMENT. (THE LIST OF NAMES IS BEING FORWARDED TO WASHINGTON UNDER SEPARATE COVER FOR REFERRAL TO U.S. ASSOCIATION ACTION.) OVER NEXT FIVE YEARS, THE LIST WILL BE EXPANDED TO A TOTAL OF 500 KOREAN FIRMS FOR A TOTAL \$400 MILLION FUTURE MARKET. KIM POINTS OUT ROKG MUST BUY LARGE QUANTITIES OF SUCH EQUIPMENT NOW, SINCE ON A 10-YEAR TIME TABLE, ALL OBSOLETE TOOLS WILL BE REPLACED. HOWEVER, IF U.S. INDUSTRY INTENDS TO SHARE IN THIS SUBSTANTIAL MARKET, SEVERAL THINGS MUST BE DONE.

A.- KOREAN BUYERS MUST HAVE THE OPPORTUNITY OF SEEING ACTUAL
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U.S. MACHINE TOOL EQUIPMENT BY MEANS OF A U.S. SPONSORED

MACHINE TOOL TRADE SHOW TO BE HELD IN KOREA.

B.- THE U.S. GOVERNMENT/INDUSTRY MUST CONSIDER INVITING A GROUP OF KOREAN BUSINESS/ASSOCIATION LEADERS TO THE U.S., TO SEE U.S. EQUIPMENT THERE ALSO.

2. KOREAN BUYERS NEED TO SEE MODERN U.S. EQUIPMENT FIRSTHAND. RIGHT NOW, THEY HAVE LITTLE KNOWLEDGE OF U.S. PRODUCTS ON WHICH TO BASE BUYING DECISIONS. IN CONTRAST, U.K. WILL HOLD A GUAGE AND TOOL TRADE FAIR IN SEOUL IN JANUARY, WHILE JAPAN HELD A MAJOR MACHINE TOOL SHOW IN SEOUL THIS PAST MAY.

3. MRM BYUNG NAM SONG, MANAGER OF POMOTION OF KSAMI (PARTICIPATING IN CONFERENCE ALONG WITH MR. KIM) SAID HE HOPED U.S. PRICES WOULD BE COMPETITIVE. THE ADVANCE TEAM STRESSED THAT WHERE U.S. MACHINERY WAS OF SUPERIOR QUALITY AND SOPHISTICATION THESE FACTORS MUST BE MOST IMPORTANT IN ANY BUYING SITUATION AND THAT PRICE IS NOT ALWAYS OF PRIMARY IMPORTANCE, ESPECIALLY WHERE U.S. EQUIPMENT COULD RESULT IN COST REDUCTIONS THROUGH GREATER OUTPUT, EFFICIENCY, AND ROBOTIZATION. MR. KIM ASSURED HIS ASSOCIATION WOULD EXTEND EVERY POSSIBLE ASSISTANCE IN PROMOTING AND PUBLICIZING THE UPCOMING U.S. METALWORKING TRADE MISSION.

4. MORE EXTENSIVE COVERAGE OF SALES OPPORTUNITIES IN METALWORKING AND FINISHING MACHINERY SECTOR BEING FORWARDED THIS WEEK IN EMBASSY'S ANNUAL "BEST PROSPECTS" REPORT.
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